REMARKS

In response to the Office Action dated December 2, 2003, please consider the remarks set forth as follows. There is a single change to claim 31 to correct a typographical error. The change to claim 38 converts the abbreviation into the full-defined term. There are no substantive changes. Entry is respectfully requested.

This response follows a Final Office Action of December 2, 2003 rejecting claims 20 - 38. The applicant appreciates the holding that these claims have removed the prior rejections under 35 U.S.C. 112, second paragraph. The prior art rejections remain and will be addressed in detail in this response. Claims 20 and 31 are the sole independent claims, claim 20 an apparatus claim and claim 30 a method. The allowability of the application *vis-à-vis* the prior art can be predicated on the allowance of those two claims. However, as will also be detailed the requirements of many of the dependent claims are not found in the prior art and thus those claims are separately allowable.

Claim 20 stands rejected as being anticipated by Randle '647. The remaining claims stand rejected as being obvious over Randle in view of McKeen '880. These two rejections are respectfully traversed.

With respect to the rejection based on Randle, the holding of anticipation is respectfully traversed. For Randle to anticipate it must affirmatively teach each limitation of claim 20 to one of ordinary skill. The Examiner, in essence, equates the merchant to a bank and concludes that this entity, the merchant provides services of its own and providing means to conduct transactions with other merchants be they the consumers bank or other merchants. (Action, p. 2).

As to the claimed functions, the Examiner holds that both the customer stored value account and the merchant stored value account are effectively prepaid accounts that are neither unique nor original. (Action, p. 3). The Examiner then concludes, "maintaining that a merchant, other than a bank, that conducts the normal functions associated with a bank is unique and original obfuscate the fact that when a merchant is performing the function associated with and inherent to a bank, it is in fact no different than a bank." (Action pp.2-3).

These holdings are respectfully traversed.

Applicant's claimed invention does not "obfuscate" but rather defines a system in which certain operations are performed at the merchant level and others at the bank level. To anticipate Randle must disclose those same elements in the identical arrangement as claimed. The rejection must be removed if the reference itself does not reach that level of disclosure. The Examiner is not allowed to "re-label" the merchant and hold that it is the "bank" as such is contrary to the teachings of the reference itself. Such is error. Secondly, the attempted match of elements is defective. The rejection of claim should be revisited and removed.

First, Randle unambiguously establishes the difference between the respective banks (customer and merchant) in his system and the merchant. See Figures 1A, 1B, 2, 3A, 3B, 3C, 4, 5A, 5C, 6A, 6B, 6C. The first crucial difference between the claims and Randle, is that while the reference defines certain functions as performed at the physical location of the merchant, the merchant does not perform any banking functions.

The claims define the establishment and use of "at least one stored value account for a merchant". This is maintained at the merchant level. Note, for example claim 21, defining

multiple stored value accounts and claim 23 in which at the point of sale, a customer may, in essence, make a deposit to his stored value account. Claims 27 and 28 are also pertinent as defining the establishment of this account at the merchant level. The interface between this merchant maintained account and the bank function "to credit" as instructed by the merchant to the customer's demand deposit account "at a bank" specifically delineate the difference between merchant assigned accounts and those at the bank.

Randle does not anticipate. The Examiner (Action p. 5) assigns Col. 11 lines 20-65 and Col 12, lines 1-10 as disclosing the first "means" which as claimed includes "at least one stored value account for a merchant". Randle does not support that conclusion. Col. 11 does define a plurality of different customer accounts assessed by the "BITS card" but none are a stored value account maintained by the merchant. Col. 12, including the first several lines of claim 1 of Randle, is similarly deficient. Any "stored value" is maintained by the customer bank, and deposits to those accounts are by ATM in which the merchant is totally not involved (other than placement of the ATM physically at the merchant).

The Examiner also concludes that Randle discloses the "means to support a customers' transactional of said individual program account including access to a stored value account..." relying on Col. 3, lines 53 –67 (Action. 5). That portion of Randle discloses the functions of a central processing unit but there is no teaching or suggestion of the functions summarized there to include access to any stored value account that exists at the merchant level. Indeed the remainder of Randle which details the operation of his system compel the conclusion that nowhere does Randle recognize or teach a merchant – as opposed to a bank – stored value

account. The disclosure in Col. 7, lines 28 – 67 to Col. 8, line 40 illustrates that the stored value, i.e., availability of funds is maintained at the bank and likewise that deposits to those accounts are at a bank terminal, i.e., at an ATM, as opposed to at the point of sale (claims 23 and 25).

Basically, Randle is directed to individuals doing real time operations with their bank account using standard banking infrastructure. It is in essence a "smart card" system allowing debiting of multiple accounts from a customer's bank account. See Col. 8, line 52 et seq and Fig. 5.

Applicant claims a novel and different system where the customer maintains a house account at a particular merchant. This store account is claimed as a "stored value account" in which activities take place at the merchant level. Randle does not define that account except one established by the customer's bank. The claimed system in contrast operates within the confines of the established regulatory banking structure by having account settlement occur at the bank level.

Randle does not anticipate claim 20.

Claims 21-38 stand rejected as obvious over Randle in view of McKeen. Turning first to the apparatus claims 21 –29, the rejection is respectfully traversed.

As to claim 21, the Examiner concludes that it would have been obvious to provide the real time bank centric payment system of Randle with a plurality of stored value accounts maintained at the merchant /customer level. The Examiner offers as a rationale that such would expedite and simplify the transaction between the customer and the merchant. This rejection is respectfully traversed.

First, in contrast to the Examiner's conclusion, Randle does not disclose any stored value accounts. Secondly, as Applicant previously pointed out, that the proposed combination would complicate rather than simplify the system of Randle. This argument was not and is not now a traversal based on attacking the references individually, as the Examiner concluded (Action p. 3). Rather the combination as proposed is unworkable and would be rejected by one of ordinary skill.

The "Smart card" system of McKeen offers to the merchant an efficient means of completing transactions without establishing individual stored value accounts. The customer simply uses one card in place of many to charge his purchases. Such a system has no need for and cannot access a locally set up stored value account as such would be meaningless. The customer purposely seeks to eliminate multiple credit cards and multiple valued accounts for the sake of having one card used at multiple stores debited. There is no stored value at the customer level. Consequently, the proposed combination complicates rather than simplifies, makes more cumbersome rather than expedites and would not have been an obvious modification of Randle in view of McKeen.

Claim 23 defines "a plurality of point of sale terminals by which a customer may convert the value of a negotiable instrument to a customer's stored value account." The Examiner ascribes to Randle this structure, relying on Col. 7, lines 28 –45. This holding is in error. There is nothing in Randle and specifically in Col. 7 that describes a structure where the customer may take a negotiable instrument (i.e., a check) and at the point of sale deposit the value into the customer stored value account. The portion relied upon by the Examiner defines real time debits

using accounts at the bank. There is no disclosure here of deposits into the stored value account. Claim 23 is non-obvious given the total lack of disclosure in Randle. McKeen is no more relevant and not relied upon by the Examiner *vis-a- vis* this claim.

Claim 24 is similarly non-obvious. The Examiner relies on Col. 5, lines 35 –67 but there is no disclosure in that portion of Randle of any conversion of value between different accounts in one individual program account. The portion of Randle relied on by the Examiner describes the transfer of funds between buyer and seller accounts. In contrast, claim 24 defines allocation of value between two of the customer accounts within one individual program account. The rejection is therefore unsupported by Randle.

Claim 25 is properly defined by the Examiner (Action. P.8), but there is nothing in Randle and particularly in Col. 10, lines 44-67 describing this limitation. Col. 10, verifies the validity of the credit card (BITS). This is not a negotiable instrument – a check. An artisan, in fact, any consumer would understand and appreciate the difference between a credit card and a check. They are plainly very different tools.

Claim 27 amplifies this difference. If a negotiable instrument is presented to the merchant, the merchant may credit the stored value account. The Examiner relies on Col. 9, lines 17 – 50 but there is nothing in that portion of Randle describing crediting any stored value account by the merchant. This portion of Randle describes the opposite, the payment of a purchase by verifying that sufficient funds exist. The account is debited not credited. Further, the account in question is at the customer's bank (See, lines 25 –32) not a stored value account at the merchant level.

Likewise, the reliance on Col. 11, lines 20-30 does not support the rejection of claim 28. This claim allows the customer to use value contained in the stored value account to credit or debit other accounts in the individual program account. The portion of Randle relied on by the Examiner defines no more than the use of a single card (BITS) as a card common to multiple accounts. It says nothing about moving value between those accounts coming from a stored value account.

Finally, Col. 8, lines 1 –19 does not support the rejection of claim 29. That portion of Randle deals flow of information between the merchant and customer banks to generate invoices -bills for approval and payment by the customer. That is not claim 29. This claim defines the customer instructing the merchant to move funds from the stored value account – maintained at the merchant level – for the purpose of crediting the customer's demand deposit account. This is totally different from Randle.

In summary, the Examiner has relied on portions of Randle as defining exactly the subject matter of claims 21 –29. This is incorrect as shown in these Remarks. Consistent with the Examiner's Note (Action p. 12), Randle, in its entirety and being considered to each of these claims, there are not any more pertinent portions of the reference and thus these claims are patentable.

Turning next to the method claims, the Examiner's reliance on Randle is again traversed. The Examiner considers it obvious to substitute the terminology used in Randle defining accounts for that used by the applicant. The rejection does not identify any particular differences and discounts the claim definition of "stored value account".

Claim 30 is a method claim requiring first the steps of establishment of four different accounts. Three of theses accounts are customer accounts. The claimed "stored value account" is defined in claim 30 as within the claimed customer individual program account. The stored value account is therefore a part of a greater account. The claimed invention, as a whole, in the establishment of the respective accounts therefore limits the stored value account as a part of the customer individual program account.

The claim then defines the step of a transaction between the customer and the merchant. This transaction is not directly between the customer and his bank. It is not a transition directly between the merchant and his bank or the merchant and the customer's bank. The claimed transaction occurs at the merchant – customer level. The claim as a whole therefore limits the stored value account as one accessed at the customer- merchant level.

While the Examiner has paraphrased the language of claim 30 as practiced in Randle, or rendered obvious over Randle, there is nothing in the reference that teaches or suggests the establishment of the three different customer accounts as claimed – in fact there is nothing equivalent to those accounts. And more importantly there is nothing in Mckeen disclosing such accounts or their use in a system operating at the merchant level, as claimed.

In greater detail, McKeen describes a method of translating an RFID identification into a standard ATM transaction (either offline or online). In a standard ATM transaction, the consumer has a magstripe or chipcard that is used to authenticate the transaction. The transaction is then transmitted to the bank in real-time (online debit) or in batch at a later time (offline debit).

McKeen describes a method where an RFID chip is used in place of a standard debit card and the merchant maintains a local database that translates an RFID identification into a standard bank financial transaction. This is an obvious modification of current financial payment card operations that implement RFID technology, except instead of the financial institution mapping the RFID value to a bank account, the merchant is locally performing the mapping of an RFID value to a bank account.

McKeen defines a standard payment card transaction using an RFID chip in place of a standard financial institution magstripe or chipcard that is processed through a new intermediary instead of existing financial clearinghouse. McKeen defines an intermediary providing the mapping of RFID chips to bank accounts. The financial intermediary of McKeen receives a transaction with RFID identifier and merchant identifier, translates that into a standard payment card transaction.

The specific portion of Mckeen relied on by the Examiner, Col. 7, lines 25 –35 describes accounts maintained by the bank, not the merchant. Clearinghouse computer 60 is at the bank level (See. Fig. 1) and the billing through the clearinghouse computer is via the bank not the merchant. Mckeen does not establish the accounts defined by claim 30 and thus does not compensate for the deficiency of Randle.

Also, Mckeen, leads directly away from the claimed method. Mckeen would instruct the establishment of accounts at the central bank level and not the merchant. Mckeen does not instruct that an account within an account be established on the customer side. Mckeen does not

instruct or suggest establishing a separate merchant stored value account or anything performing the same function as claimed.

The Examiner's error with respect to claim 30 is highlighted by his conclusion concerning providing "the real time bank-centric universal payment system of Randle '647." Claim 30 is merchant –centric not bank - centric. By its claimed requirement, the transaction is executed "between said customer and said merchant".

That claimed transaction affects the balances between three accounts, two of the customer and one of the merchants. It is respectfully submitted that there is no defined step in either Randle or McKeen in any way suggestive of that claimed or which renders the claim as a whole obvious in the practice of anything similar to the claimed steps.

In the claimed invention, there is no change in the way an individual accesses and/or utilizes their standard DDA bank account. The invention involves a new service that can be setup to automatically perform standard EFT ACH withdrawals and deposits for both individual DDA bank accounts as well as merchant DDA bank accounts. That is the substance of the method claims. Furthermore, this service is able to notify the merchant's stored value service as to increases and/or decreases associated with specific stored value amounts.

At the point of transaction, the customer uses his paycheck or other negotiable instrument; to pay for goods or services with the balance credited to his personal stored value account. Neither Randle nor McKeen nor any combination renders this feature obvious.

The allowability of dependent claims 31-38 may be predicated on independent claim 30. However, briefly, it is submitted that those claims are separately patentable. The Examiner relies

on Randle for the disclosure of each of the steps in these claims. This is error. For example claim 32 defines multiple accounts within a single customer individual program account. The account in Randle – BITS - is a single account listing various merchants to be paid. There is no separate account for each merchant.

Claim 33 is patentable for the same reason claim 23 is patentable. There is nothing in Col. 11, lines 30-45 (as well as Col. 7, lines 28-45) that deals with the use of a negotiable instrument to alter balances at the point of sale. That an ATM is present at the merchant – inside the store or outside on the street – is not the point of sale. That is conventionally the actual location of the sale, that register or terminal. The ATM in Randle is not the merchant point of sale. More importantly, Randle does not define the ATM as used to alter customer stored value accounts maintained at the merchant level.

The same is true for claims 35, 37 and 38. In contrast to the holdings by the Examiner concerning the corresponding disclosure of Randle, upon close examination there is nothing in common between Randle and the claimed steps.

Thus based on this response, it is respectfully concluded believed that the claims are allowable. The allowance of this application is respectfully requested.

If any points remain in issue which the Examiner feels may be best resolved through a personal or telephone interview, the Examiner is kindly requested to contact the undersigned at the telephone number listed below.

The USPTO is directed and authorized to charge all required fees, except for the Issue Fee and the Publication Fee, to Deposit Account No. 19-4880. Please also credit any overpayments to said Deposit Account.

Respectfully submitted,

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